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ESTABLISHED 1887

Mubarak and Peres Endorse Conference On Mideast Peace

By John Kifner
New York Times Service
CAIRO — President Hosni Mubarak of Egypt and Foreign Minister Shimon Peres of Israel agreed Friday that there should be an international conference on Middle East peace this year.
Mr. Peres's commitment, announced at the end of a three-day visit here, was expected to provoke strong reaction from the Israeli prime minister, Yitzhak Shamir, who opposes such a conference.
Mr. Shamir, the leader of the hard-line Likud bloc, contended Thursday that Mr. Peres, of the Labor Party, had no mandate to agree on an international conference, as there was no reference to it in the agreement that established a national unity government after deadlocked elections more than 10 years ago.
"My aim is to achieve peace between Israel and its Arab neighbors, not to deal with a war between the Jews," Mr. Peres said Friday in Tel Aviv in reference to the growing domestic political squabble. The dispute has raised the possibility of a breakup of the cabinet and early elections.
The agreement, reached after two meetings in Cairo with Mr. Mubarak, reaffirmed a call that the two men made in Alexandria last fall, when Mr. Peres was prime minister.



Foreign Minister Esmat Abdel Meguid of Egypt, left, with Foreign Minister Shimon Peres of Israel, reading a statement calling for an international Middle East conference.

Regan Quits White House Post; Howard Baker Replaces Him

President Cites 'Integrity' Of His Choice for Staff Chief

Compiled by Our Staff From Dispatches
WASHINGTON — President Ronald Reagan announced Friday that he had accepted "with regret" the resignation of his beleaguered chief of staff, Donald T. Regan, and had appointed former Senator Howard H. Baker Jr., a widely respected Republican politician, to become his top aide.
Mr. Regan had been blamed by the Tower commission in its report Thursday for causing "the chaos that descended upon the White House" after the disclosure that arms had been secretly sold to Iran and the proceeds diverted to the Nicaraguan rebels.
The president, in a written announcement, said, "Howard Baker is a distinguished American who has served as majority and minority leader of the United States Senate, a leader of the Republican Party and a man of unquestioned integrity and ability."
He added: "I am enormously pleased that he is willing to take on this responsibility and to help me organize the White House staff for an aggressive two years of work." It was unusual that the president did not personally announce the appointment of a new assistant of



Donald T. Regan arriving at the White House on Friday.

White House Said to Use Threats to Aid Contras

By Stephen Engelberg
New York Times Service
WASHINGTON — In its effort to organize private aid for the Nicaraguan rebels, the White House solicited help from, and by some accounts threatened, several countries heavily dependent on American financial and political support, the Tower commission report discloses.
The report quotes discussions within the administration about threatening President Oscar Arias Sanchez of Costa Rica with a cutoff of American aid if he publicly exposed a secret airstrip for the rebels built in his country.
The report said the commission could find no evidence that President Ronald Reagan ever approved the broad plan to aid the rebels, known as contras. But it quotes several internal documents suggesting that Mr. Reagan knew about at least some of the activities.
One internal memo said that Mr. Reagan was told about plans to organize a legal defense for the American crewman who survived the downing of a contra supply plane over Nicaragua last year.
Turning to the arms sales to Iran that are said to have provided money for the contra effort, the report said that the United States was receiving intelligence about Iranian terrorist activities planned against the United States as Robert C. McFarlane, the former national security adviser, was preparing to go to Tehran last year to complete an arms-for-hostages exchange.
Among the report's disclosures about aid to the contras are there:
• Documents and evidence suggest that senior officials, including Vice Admiral John M. Poindexter, then the national security adviser, were kept fully informed by Lieutenant Colonel Oliver L. North, a security council aide, of his efforts to aid the contras during the two-

LATE NEWS Bolivian Leader Shuffles Cabinet

LA PAZ (UPI) — President Victor Paz Estenssoro shook up his cabinet on Friday but reappointed his key economic ministers, saying he would not change his free market policies that have stemmed inflation.
In a surprise move, Mr. Paz Estenssoro asked all 19 cabinet ministers to submit their resignations on Thursday night. He replaced or shuffled his ministers of interior, labor, the presidency, aeronautics and agriculture, but reappointed the finance and planning ministers.



"Bouquet de Tulipes," by Louis Valtat, sold for only \$22,000 at Sotheby's. Source: Mediamarket reports on discount prices. Page 8.

GENERAL NEWS
■ Iran called a halt to its offensive. But strategists said a large Iranian force remained near the Iraqi city of Basra. Page 2.
SPORTS
■ Michael Jordan of the Chicago Bulls scored an NBA season-high 58 points. Page 15.
BUSINESS/FINANCE
■ Lloyds Bank PLC reported that net profit rose 42 percent last year. Page 9.

Light Sentence for Abdallah Is Sought

By Julian Nundy
International Herald Tribune
PARIS — The prosecutor in the trial of Georges Ibrahim Abdallah, who was charged with complicity in the murders of a U.S. and an Israeli diplomat, asked Friday for a maximum sentence of 10 years' imprisonment.
Pierre Bacchelin, the prosecutor, said he was asking for a relatively light sentence "with a heavy heart" and evoked the safety of French hostages held in Lebanon and threats of terrorist violence in France.
Mr. Abdallah, a Lebanese Christian, was charged with complicity in the murders of the two diplomats in 1982 and in an unsuccessful attack on another U.S. diplomat in 1984.
Mr. Abdallah, who has refused to attend the trial since shortly after it opened Monday, faced a maximum sentence of life imprisonment on each charge.
The three attacks took place on French soil, and responsibility for the attacks was claimed by the Lebanese Armed Revolutionary Factions, a Marxist guerrilla group based in northern Lebanon.
Mr. Bacchelin's plea for a 10-year sentence came after reports that the French government wanted the seven-judge panel not to be severe, fearing that terrorist attacks by Mr. Abdallah's supporters might resume. Eleven persons were killed in bombings in Paris in September.
A verdict in the trial is expected Saturday. If the judges follow the prosecutor's recommendation, the decision would be certain to anger the United States, which has been a civil plaintiff in the case.
Under French law, any new prison term could run concurrently with a four-year sentence that Mr. Abdallah is already serving on charges that include arms possession.
With full remission, his sentence could be cut by half. Since he was arrested in October 1984, this could mean that he would be free in the fall of 1989.
Several French newspapers have reported that the government wanted Mr. Abdallah to receive a 10-year sentence of which four years would be suspended. Under this formula, he could be freed by the end of this year.
Georges Kijman, the lawyer for the U.S. government, told the judges before the prosecutor's speech: "It is not up to you to do the duty of the state." The judges. See TRIAL, Page 3

Banks Slash Venezuela's Interest Rate

Compiled by Our Staff From Dispatches
NEW YORK — Venezuela has reached an agreement with its bank advisory committee that would sharply reduce the interest payable under a \$21 billion debt-rescheduling agreement signed a year ago, bankers said Friday.
It is the second major debt agreement struck this week. Chile and its bank creditors announced Thursday a \$10.6 billion rescheduling accord, with sharply reduced interest and lengthened repayment periods.
Bankers said they hope that, by demonstrating their willingness to arrange multiyear debt reschedulings on easier terms, they will isolate Brazil in its attempt to bypass the banks and seek what is seen as a political solution to the problem of Third World debt.
Brazil said on Feb. 20 that it would suspend interest payments on the \$66 billion it owes foreign banks, and subsequently froze \$15 billion of short-term loans.
On Friday, Brazil's 14-bank ad- See DEBT, Page 13



African Students in India Protest AIDS Tests
An Indian policeman arrested an African student protester during a demonstration in New Delhi on Friday against mandatory testing of foreign students for acquired immune deficiency syndrome. The African students accused the government of practicing "AIDS apartheid." Belgium announced a similar program of AIDS testing on Friday, which requires 1,500 Third World recipients of government scholarships to submit to the AIDS test or to forfeit their funds.

U.S. Trade Gap Widens 38.7%, to \$14.8 Billion

Compiled by Our Staff From Dispatches
WASHINGTON — The U.S. merchandise trade deficit widened to \$14.78 billion in January as exports fell to their lowest level in almost three and a half years, the government reported Friday.
The Commerce Department said the deficit, the gap between what the country imported and what it exported, rose 38.7 percent from the original December figure of \$10.66 billion. The department also revised December's trade deficit upward to \$12.73 billion, but cautioned against comparing revised with unrevised figures.
The January deterioration in trade had been expected by analysts, who said the December figures were just a temporary improvement from a disastrous performance in November, when the deficit was a record \$19.2 billion.
Still, the poor showing was likely to further fuel demands for protectionist legislation in Congress because U.S. trade problems are showing no signs of improving.
Significantly, the January deficit stemmed from a steep 11.2 percent drop in exports, to \$16.38 billion, the lowest level since August 1983. Imports rose to \$31.16 billion, up 7.1 percent from the December figure.
The Reagan administration hopes that the steep decline in the value of the dollar will begin to help U.S. trade by making U.S. goods less expensive abroad. But so far, the falling dollar has driven the cost of imported goods up faster than sales of exports have improved, exacerbating the deficit.
Dealers in foreign exchange markets had predicted this week that a U.S. trade deficit of more than about \$14 billion would send the dollar down again, as discouraging U.S. economic figures usually do. See TRADE, Page 3

Naples Tries to Put a New Face on Its Image of Graceful Decay

By John Tagliabue
New York Times Service
NAPLES — Along Via Stadera, in a neighborhood they call Purgatory, hoodlums of the Camorra, the Neapolitan version of the Sicilian Mafia, sprayed gunfire this month at a group of laborers building apartments for people left homeless after the earthquake six years ago. Those gunshots shook some of the brighter assumptions about this gracefully decaying Mediterranean city.
Progress has never had much of an audience in Naples, a society that seems to wrap itself in contrasts of violence and tolerance, splendor and confusion, overlaid with a fundamental joy in life. But Naples recently has begun shaking off the indolence.
For Guido D'Angelo, the chief executive of Mededil, the government-owned construction company, the metaphor of all this is the city's immense reconstruction of 28,000 homes, and schools and public utilities, after the earthquake. Also, to relieve congestion in the historic center, the city is building a 260-acre (105-hectare) business and residential center.
All this is making Naples easily Europe's largest construction site.
"There has been an awakening, a flowering in the wake of the earthquake," said Mr. D'Angelo, 54, a veteran of the city's struggle against decline.
"There were two elements: first, the need to act quickly and to develop flexible administrative channels, and secondly, the flow of money, given the liquidity of the national economy."
There is also an enthusiastic cultural revival. Maurizio Barracco, a Calabrian aristocrat, and his wife, Mirella, a Neapolitan, have poured their energies into an unusual foundation, Naples 99. They have had extraordinary success over the last four years in winning corporate support for restoring the city's artistic riches.
Further stimulation should come from plans the government in Rome is drawing up to invest \$14.7 billion over three years in rebuilding the country's decaying roads, railroads and communication links. More than a third is earmarked for southern Italy.
The gun shots in Via Stadera were like a throwback to earlier ways. They also raised questions of whether fresh money would not merely provide fertile terrain for the organized crime that has always been the city's bane.
For some, too, the prospect of immense public works evokes earlier unsuccessful efforts by previous governments in Rome to close the economic gap between north and south.
Symbols of those failed efforts abound here. Across the bay stands the huge nationalized Insalider steel works, which earlier planners hoped would bring jobs and prosperity. But the collapse of the steel market and cheap foreign competition forced Insalider to eliminate more than 6,500 of the 8,000 jobs it had in 1977.
At the same time, the decay of the city's natural beauty in its hills and waters and of its artistic treasures led to a decline in tourism. In resources led to a widening flow of visitors to Florence and Rome, tourism in Naples dropped by more than 6 percent from 1979 to 1984.
Economic decline was aggravated by po-



ON PAGE 6
■ Nancy Reagan's campaign to remove Donald Regan is seen as a struggle to rescue her husband's health and honor.
■ Reagan's presidency, with the release of the Tower report, has reached a decisive point. A news analysis.
■ Israel denied assertions in a White House memo that Israel had offered military instructors to aid Nicaraguan rebels.
■ Plans for Iranian terrorist activities against the United States were reported at the time of Robert C. McFarlane's visit.

مكتبة الامم المتحدة

Iran Halts Its Offensive On Southern Front but Keeps Troops in Place

MANAMA, Bahrain—Iran has called a halt to a seven-week offensive on the Gulf war southern front. But military strategists said Friday that a large Iranian force remained near the Iraqi city of Basra.

Other forces were opposite Baghdad, 95 miles (about 150 kilometers) from the border, and still others threatened the northern Iraqi oil fields near Kirkuk.

[Western diplomats in Tehran said Soviet and Syrian pressure, as well as a trade-off to stop Iraq's bombing of Iranian towns, prompted Iran's move to end its offensive on the southern front, Agence France-Presse reported.]

The Iranians advanced to within six miles of Basra, Iraq's second-largest city, with a population of about a million, and pounded it with heavy artillery for days. The offensive began Jan. 9.

The military strategists said Iran wanted to use the advantage of its much bigger population to force such heavy losses on the Iraqi Army that it would succumb to a final attack. According to its 1984 census, Iran had 43.4 million people; Iraq, in a 1982 census, reported 14.1 million.

In announcing the end of the southern offensive Thursday night, Tehran's IRNA news agency quoted a military statement as saying Iranian forces had "dealt one of the severest blows on the Iraqi war machine."

They had "liberated" 65 square miles (155 square kilometers) of Iraqi-occupied territory and destroyed 81 Iraqi brigades and battalions, along with 700 tanks and 1,500 vehicles, it said.

The agency said the Iranians had shot down 80 warplanes and inflicted 56,500 Iraqi casualties, including 30 brigade commanders killed and 2,655 men captured, including two generals. It did not give Iranian casualties.

Baghdad has said that 80,000 Iranians were killed and 150,000 to 200,000 wounded in the offensive. It has not listed Iraqi casualties.

The U.S. Defense Department has estimated the casualty ratio at about two Iranians for every Iraqi.

The strategists said the end of the offensive had been expected after Tehran announced Thursday that its forces had taken more Iraqi territory east of Basra "aimed at strengthening Iran's defensive lines in the area."

The strategists said Iraq would probably remain on the defensive and Iran on the offensive with the next attack coming in the south, or on the central front.

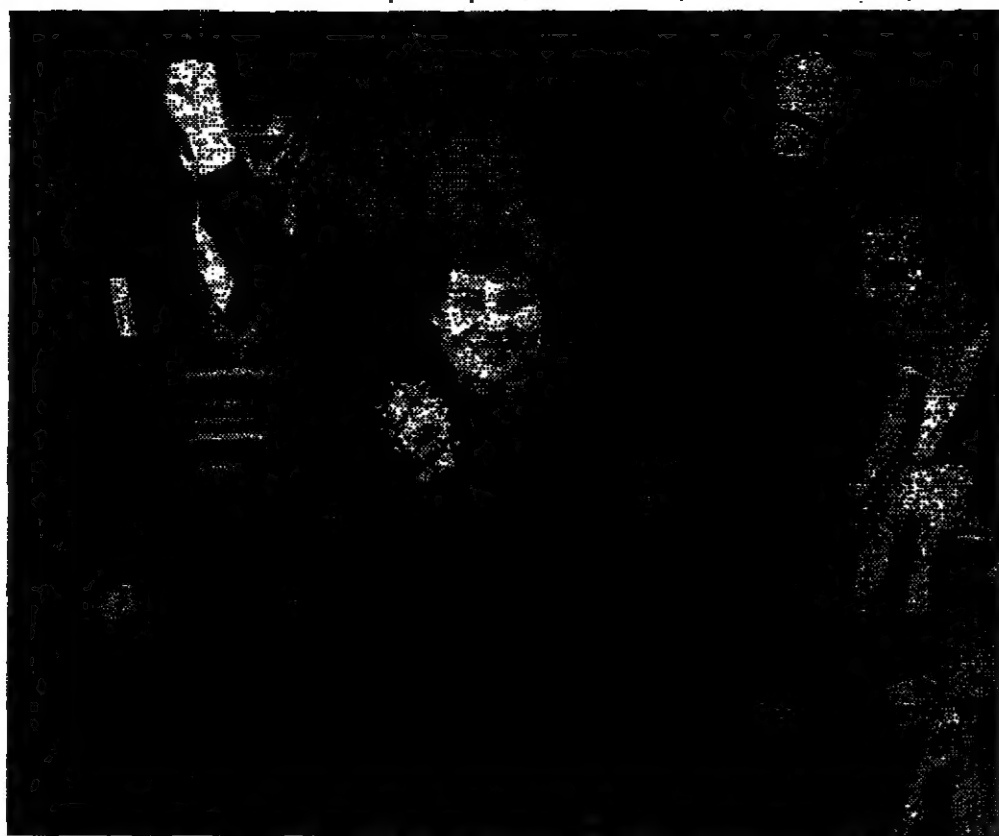
Prolonged Lull Seen

Western diplomats in Tehran said Friday that the end of the offensive and the weekend truce in air attacks against each other's towns may herald a prolonged lull in the nearly seven-year war, Agence France-Presse reported.

Moscow reportedly told Foreign Minister Ali Akbar Velayati of Iran on Feb. 14 that if the offensive were stopped, the Kremlin would persuade Iraq to stop bombing Iranian towns.

Otherwise, the diplomatic sources said, the Soviet Union would allow Baghdad to use Soviet-made SS-12 missiles, which can hit targets up to 540 miles away.

Syria, Iran's only Arab ally outside of Libya, is said to have warned Mr. Velayati that taking Basra probably would increase anti-Iranian sentiment in Arab countries.



Rosie Barnes acknowledging victory early Friday in a London parliamentary by-election.

Hopes Soar For Alliance In U.K. After By-Election

LONDON—The centrist Liberal-Social Democratic alliance has won a by-election for a London seat in the House of Commons held by the Labour Party for 30 years.

Rosie Barnes, 40, was elected Thursday night in the borough of Greenwich with 53 percent of the vote, dealing a blow to Labour, which held the seat by a slender margin in the 1983 general election.

The unexpected result could persuade the Conservative prime minister, Margaret Thatcher, to think again about the timing of a general election that is expected this year.

The by-election was caused by the death of the Labour parliamentarian, giving the alliance an opportunity to appeal to disaffected, middle-of-the-road voters.

Mrs. Barnes, a member of the Social Democratic wing of the partnership, received 18,287 votes, 6,611 seats more than her nearest rival, the Labour candidate, Deirdre Wood. The Conservative candidate won only 3,852 votes.

The alliance victory will strengthen hopes that it can hold the balance of power in British politics by winning sufficient seats in the next election to deny both the Conservative and Labour parties an overall majority in Parliament.

The leader of the Social Democratic Party, David Owen, hailed the result as being "like a breath of fresh air blowing through British politics."

He said: "I am quite confident that we are going to form part of the next government."

David Steel, the Liberal leader, described Mrs. Barnes' election as a "momentous victory" for the alliance.

By-elections often produce distorted outcomes not repeated in national elections. But political analysts said the Greenwich result provided no comfort for either Conservatives or Labour.

Many political analysts have predicted that Mrs. Thatcher might call an election in June, although she does not have to call one until next year at the end of her second five-year term.

Some of her supporters say the Greenwich result should increase pressure on Mrs. Thatcher to seek an early election lest the alliance gain new momentum.

Others say that the alliance's unexpected victory—especially when set against the Conservatives' dismal showing—casts doubt on the wisdom of an early vote.

WORLD BRIEFS

U.S. Disappointed Over Ozone Talks

VIENNA (AP)—A U.S. representative said Friday that some progress was made this week at a conference on protection of the ozone layer but he accused unspecified countries and European chemical companies of blocking further advances.

The representative, Richard E. Benedict, said that his delegation was disappointed at the outcome of a five-day, 27-nation meeting of experts working toward establishing international rules on protecting the ozone layer. The ozone layer holds back the sun's dangerous ultraviolet rays and is being eroded in part by man-made chlorofluorocarbons widely used in products ranging from aerosols to refrigerators.

Mr. Benedict said that "on the scientific front we now have very clear agreement on which products are causing the most damage although we do not have agreement on which products to include in the protocol." He added: "Unfortunately, it was evident that a few countries and a few representatives from European chemical industries appear content to let these negotiations drag on inconclusively."

Spanish Farmers Clash With Police

MADRID (AP)—Thousands of farmers took part Friday in a second day of nationwide protests against government agricultural policies, cutting traffic and clashing with police, Spanish state television reported.

The major clashes took place in the Mediterranean city of Valencia and near Ciudad Real in central Spain, where 30 farmers were arrested and nine farmers and two policemen were injured, the report said.

The farmers seek an end to taxes on diesel fuel and customs duties on imported fertilizers as well as changes in export quotas on citrus fruits and dairy products agreed to by the government as a condition of Spain's entry into the European Community.

Afghan Jets Bomb Pakistan Camps

ISLAMABAD, Pakistan (Reuters)—Afghan jets bombed a Pakistani border area on Friday for the second straight day, killing at least 31 Afghan refugees and wounding many others.

An Afghan guerrilla party, Hezb-i-Islami, said two refugee camps were hit in the Kurram tribal area in northwestern Pakistan and that 43 persons were killed.

Pakistani officials confirmed that two camps were bombed but said that 31 persons were killed and 49 wounded. The officials also said that more than 35 Afghan refugees and local people were killed and about 200 wounded when Afghan jets bombed two villages in the North Waziristan tribal area on Thursday.

Pollard Says He Aided Attack on PLO

WASHINGTON (UPI)—Jonathan Jay Pollard, who was convicted of spying in the United States for Israel, said top officials in the Israeli government knew about his espionage, and some secrets he provided led directly to an Israeli attack on the Palestine Liberation Organization in 1985, court documents showed Friday.

Mr. Pollard, a U.S. Navy intelligence analyst arrested in November 1985, faces sentencing on Wednesday. The document, written by Mr. Pollard and filed in U.S. district court, answered the request of prosecutors that the admitted spy receive a "substantial" prison term for selling U.S. military secrets to Israel.

Mr. Pollard said he was congratulated by "the highest levels of the Israeli government" for the secret U.S. documents he turned over on "their outer ring of enemies, namely Libya, Algeria, Iraq and Pakistan." He said he was credited with propelling the Israeli raid on PLO headquarters in Tunis in 1985, which allegedly destroyed the PLO's attack force.

For the Record

The European Community has extended until Oct. 31 the temporary rules governing the maximum level of radioactivity in food and will decide on permanent regulations in June, EC officials said in Brussels on Friday.

A Polish youth has been sentenced to five years in prison by a Wrocław court for trying to hijack a LOT airlines flight on Aug. 23, the Polish news agency PAP said Friday. He was identified as Dariusz Piskorski, 19. (AP)

Activist Assails Moscow's Easing Of Liquor Laws

MOSCOW—Moscow's city government has increased the number of shops allowed to sell vodka with the result that drunks are reappearing on the capital's streets, the weekly Literaturnaya Rossiya said Friday.

Stanislav Gagarin, an anti-alcohol activist, wrote that the city's "decision to conduct a so-called experiment and raise the number of shops where 'the liquid devil' has taken up residence seems to me strange, to put it mildly."

"Is this not why drunks have reappeared on the streets, the metro and the buses," Mr. Gagarin wrote, "and is this not why the police are turning a blind eye to them?"

Late last year, the authorities extended the hours of alcohol sales in response to complaints about long lines at liquor stores following a Kremlin campaign, begun in May 1985, against selling and drinking vodka.

Mr. Gagarin denounced the city's policies as a violation of national anti-alcohol laws. He noted that a Moscow shop clerk told him that every customer was entitled to buy up to two cases of vodka at a time.

Aquino Seemingly Bent To Pressure by Military Major Changes Since Officers' Memo

By Michael Richardson
International Herald Tribune

MANILA—Pressure from the Philippine armed forces has helped to bring about significant changes in government policies and the dismissal of some officials, including several cabinet members, analysts here have concluded.

The seven top military commanders took the unusual step of writing to President Corason C. Aquino late last year to request more resolute action to counter the Communist insurgency.

Although the existence of the letter was reported, its details were not made public. The letter, dated Nov. 15, was recently shown to the International Herald Tribune.

In it, the officers said that Mrs. Aquino should immediately replace some cabinet members, provincial governors and mayors who were not performing properly. No names were mentioned.

They also recommended "a relentless campaign" to investigate and end corruption by some officials, including some at a high level. None was identified.

Less than a week after the letter was delivered, Mrs. Aquino began to reorganize her government.

The president announced on Nov. 21 that she was replacing Ernesto Maceda, minister of natural resources, and Rogacion Mercado, minister of highways. Both had been blamed for irregularities in their ministries.

On Dec. 3, she replaced Aquino Pimentel as minister of local government. Some of his appointees as governors and mayors had been criticized by the military. Not long afterward, Mrs. Aquino removed the labor minister, Augusto Sanchez, who had aroused the ire of

both the military and the business community for allegedly being too left-leaning.

In the letter, the commanders urged the president to adopt a 10-point action program. One analyst familiar with the letter said that Mrs. Aquino had taken action "on most counts in one way or another" since then.

Among other things, the military commanders recommended that Mrs. Aquino:

- Increase the budget of the armed forces.
- Make the National Security Council work effectively.
- Set up machinery for a nationwide amnesty and rehabilitation program to attract the "nonideological" in the Communist Party and to persuade its guerrilla members to lay down their arms.

A investigate alleged human rights violations among insurgents as well as in the military and involve the armed forces in each step of the cease-fire talks.

Since then, Mrs. Aquino has announced a number of improvements in military benefits. Government officials said that she has also revitalized the National Security Council. They said that details of the amnesty and rehabilitation program had been reached but that the formal launching, which was planned for Wednesday, had been delayed by legal problems over granting amnesty.

Moreover, Mrs. Aquino told a meeting of field commanders earlier this month that a human rights commission established by the country's new Constitution would investigate all forms of human rights abuses, including those by insurgents.

Government officials have acknowledged that strong military representations had been made to the president. But they insisted that other factors, including Communist intransigence and public demand for action against extremism and violence of both the left and right, had been more important considerations.

In their letter to Mrs. Aquino, the commanders warned that insurgency was worsening, causing more and more people to doubt the capability of the administration to resist and maintain security.

They told Mrs. Aquino that "this attempt to inform" her on vital issues was not intervention but "simply our sincere desire to highlight the need for the implementation of urgent measures by the government in consonance with the highest national security interests."

The letter was signed by General Fidel V. Ramos, armed forces chief of staff, Major General Salvador Mison, the vice chief of staff, and

Syrians Oversee Delivery of UN Food To Besieged Beirut Refugee Camp

BEIRUT—A Syrian officer supervised the entry of United Nations food into a besieged Palestinian refugee camp on Friday but sniping and Syrian determination to rout Palestine Liberation Organization guerrillas kept tensions high.

Hundreds of refugees cheered as trucks entered the Chatila camp with 16 tons of flour and milk powder, witnesses said. It was the first major food delivery to Chatila since the siege by the Shiite Muslim Amal militia started four months ago.

Sniper fire could be heard and sources said one person was killed Friday in the nearby Burj al-Brajneh camp, where three people were shot to death Thursday.

"The siege is still on," Chris Giannou, a Canadian doctor, said by radio from Burj al-Brajneh. "Amal would not allow anybody to leave or enter."

"Amal confiscated badly needed medical supplies," he said, but added, "At least the children will have milk to drink."

Syria has backed Amal in its drive to force guerrillas loyal to Yasser Arafat, the PLO chairman, from Lebanon camps.

A Beirut magazine quoted Brigadier Ghazi Kanaan, Syria's military intelligence chief in Lebanon, as saying the campaign was not over.

"We hope the Palestine National Salvation Front will be able to take charge of the camps and put an end to the Arafat nucleus," Brigadier Kanaan said. The front is pro-Syrian.

Syria opposes Mr. Arafat because it believes he wants to strike an agreement with Jordan and Israel that would damage Syria's power and influence in the region.

Brigadier Kanaan warned rival Muslim gunmen to release Lebanese captives they abducted just before the Syrians moved in.

"We have plenty of information about the kidnappers, who will be severely punished unless all the captives are immediately set free," he said. "This is the last warning, after which we will act directly against the kidnappers."

His statement was broadcast by Beirut's privately owned radio and television stations.

The Chatila camp is in the Shiite southern suburbs of Beirut, just outside of West Beirut, where a 7,000-man force of Syrian troops has deployed since Sunday.

Police said five Americans were escorted out of West Beirut to Christian East Beirut on Friday ahead of Saturday's deadline set by the U.S. State Department for all U.S. citizens to leave Lebanon or risk penalties.

Brigadier Kanaan raised the possibility that Beirut airport might reopen soon, saying: "We are ensuring the security of all citizens along the route to Beirut International Airport. It is up to the Lebanese to decide on the reopening."

The airport, in a Moslem-controlled area south of Beirut, has been closed since Feb. 1, apparently because of threats by the Lebanese Forces militia, which wants to open its own airport in the Christian enclave northeast of Beirut.

Iran Urges Cease-Fire

Hashemi Rafsanjani, speaker of the Iranian parliament, called Friday on Syria to stop the fighting "bitter." He said that "friendship" between Syrian troops and Hezbollah "should be preserved."

Mr. Rafsanjani said only Israel gained from clashes between Syrian troops and the militia.

Mr. Rafsanjani was apparently reflecting what Western diplomats in the Middle East see as a conflict of interest between Iran and its ally, Syria.

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Craxi to Address Senate on Crisis Within Coalition

ROME—Prime Minister Bettino Craxi of Italy said Friday that he would address the Senate on Tuesday on the crisis within his five-party coalition government. Political analysts said the move would be followed by the Socialist prime minister offering his resignation.

Mr. Craxi said at a meeting of the leaders of the five parties called to try to resolve splits in the coalition, that the government had a duty to clear the way for an in-depth examination of political differences.

The Socialist coalition partners are the Christian Democrats, Republicans, Liberals and Social Democrats.

According to a statement released after the meeting, Mr. Craxi said: "Faced with a motion of no confidence by the Communists and disguised threats by the Christian Democrats to withdraw their support, the government must draw the consequences and take a decision that will facilitate a full clarification among political forces."

The two-hour meeting came after Mr. Craxi raised serious doubts last week over whether he would abide by an accord, reached in July after a 35-day crisis, to hand over the prime ministership in March to a Christian Democrat.

The Christian Democratic Party, which has dominated Italian politics for 40 years, has been increasingly irritated over being excluded from the prime ministership and had threatened to withdraw from the government if the changeover was not confirmed.

In the address on Friday, Mr. Craxi harshly attacked the Christian Democrats, saying they had interpreted the July agreement in a "totally unique and abusive manner." He added that there had never

been an automatic obligation to hand over the post.

Party leaders leaving the meeting refused to confirm that Mr. Craxi intended to resign after making his statement to the Senate next week. Mr. Craxi has been in office since 1983, making him Italy's most durable postwar leader.

But political sources said the tenor of his remarks made it virtually certain he intended to resign, thus paving the way for formal negotiations on the future direction of the government.

The Italian news media also reported Friday that Mr. Craxi was certain to offer his resignation after addressing the Senate.

However, it was still far from clear whether the five parties had reached or would be able to reach swift agreement on the formation of a new administration.

The Liberal Party leader, Renato Altissimo, said after the meeting that there still were "huge problems" to be overcome.

If Mr. Craxi offers his resignation, President Francesco Cossiga would consult with the major parties before giving a mandate to one politician to form a government.

Political sources say the first choice is likely to be Foreign Minister Giulio Andreotti, a Christian Democrat.

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The exchange of views proved useful, a spokesman said. "The U.S. delegates said that this was an initial consultation and that consultations would continue."

"In any case, they made clear that decisions in these matters were not imminent," he added.

Mr. Nitzze and Mr. Perle met with heads of diplomatic missions to the alliance for two and a half hours at NATO headquarters near Brussels.

The two envoys, who are touring West European capitals, heard expressions of concern earlier this week from British, West German and Dutch leaders about possible testing of parts of the Reagan administration's project for a space-based missile defense shield.

Such a move would be possible if the United States formally adopted a so-called broad interpretation of its 1972 ABM treaty with Moscow.

"On the basis of what was said this afternoon," a senior diplomat said, "no decision has been taken in Washington."

Soviet Says Pact Imperiled

Mikhail S. Gorbachev, the Soviet leader, told the Italian foreign minister on Friday that a "broad interpretation" of the ABM treaty by the United States could wreck the pact and send the arms race out of control. The Associated Press reported from Moscow.

The official Tass news agency said the Soviet leader told Giulio Andreotti "that the main thing at present is to prevent the wrecking of the ABM treaty."

"Otherwise," Mr. Gorbachev was quoted as saying, "the talks will be deprecated, the arms race will escape control, instability will become critical, mistrust and suspicion will grow."

system or the anti-ballistic missile treaty, a spokesman for the Western alliance said.

The U.S. arms experts, seeking to allay fears among Washington's North Atlantic Treaty Organization

partners, pledged further consultations with the allies on the two related issues before any decision was made, the spokesman said.

Paul M. Nitzze, a special adviser to President Ronald Reagan, and Richard N. Perle, an assistant secretary of defense, appeared at a special meeting of the North Atlantic Council.

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LIFT-OFF—A Delta rocket carrying a \$25 million weather satellite blasting off late Thursday at Cape Canaveral, Florida. It was NASA's first launch this year.

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China Party Document Links Hu Downfall to 6 Major Errors

By Daniel Southard

BEIJING — Hu Yaobang, who was forced to resign last month as leader of the Chinese Communist Party, made six major mistakes that led to his downfall, according to a party document and a ranking party cadre.

Communist Party Document No. 3, as it is known by cadres, shows that the complaints against him, which were made secretly within the party, go back several years. They included these major mistakes:

• Mr. Hu, the document said, "encouraged" those who promoted "bourgeois liberalization" and tried to protect them. He also created the basis for a questioning of the Communist system that ultimately led to student demonstrations calling for democracy.

• In ideology, Mr. Hu was guilty of leading a struggle against leftist ideas but not against rightist ideas, according to the leaders.

• In economics, Mr. Hu was accused of promoting dangerously high growth rates and placing emphasis on production. Mr. Hu, leaders said, did not approve of slogans calling for hard work and frugality, slogans that have been revived since his removal. Mr. Hu's approach, according to the document, caused serious economic imbalances in 1984. In the party leaders' view, the economy was running out of control.

• On major policy issues, Mr. Hu was accused of arguing that the views of leaders were more important than rule by law. Mr. Hu disrupted the country's legal process, the document said, and made statements on legal matters that were "not serious."

• In diplomacy, Mr. Hu was accused of "saying things on many occasions which he should not have said."

• The party leaders charged Mr. Hu with indiscipline, saying that he often failed to respect decisions made by the National People's

Congress, China's legislature, as well as those made by a variety of party organizations. They said the party chief made many unauthorized comments on unspecified important issues.

The confidential document says Deng Xiaoping, the country's senior leader, took the lead on a number of occasions in alerting Mr. Hu to his errors over the years, but that the ebullient party chief did not heed the warnings.

The document also indicates that three leaders — Mr. Deng, President Li Xiangmin and Chen Yun, the senior economic planner — will play leading roles in developing a new system of control over top officials. Such a system would be designed to prevent another Communist Party chief from committing the kind of mistakes that Mr. Hu allegedly made.

A ranking party cadre briefed reporters from The Washington Post, Agence France-Presse and Japan's Kyodo News Service this week on three party documents, which portray Mr. Deng as having taken a consistently hard line toward proponents of Western-style democracy.

The disclosure of these documents, and the willingness of ranking officials to reveal them, could be meant to serve two purposes.

First, the documents may serve to distance Mr. Deng from Mr. Hu, a former Deng protégé. Also, they could be intended to show that Mr. Deng is in control of party affairs at a time when he appears to be on the defensive with party hard-liners concerned about the pace of economic and political liberalization.

The documents also appear to be aimed at providing policy guidance to party cadres. Since Mr. Hu was forced to resign Jan. 16, there has been intense speculation in the international press about the reasons behind the move.

Document No. 3 seems to reflect heavy conservative influence at the top of the party, since both Mr. Li and Mr. Chen are regarded as conservatives, or Marxist traditionalists.

The prominence of these conservatives in setting policy, as described in the document, also raises questions about the more liberal economic changes introduced by Mr. Deng. These changes include market-oriented incentives and diminished centralized control.

Both Mr. Li and Mr. Chen are believed to be critical of the scope and pace of the economic changes. Both are believed to favor a return to more central planning.

Taken together, the documents constitute the most complete and authoritative official account to date of Mr. Hu's "errors" and of Mr. Deng's attitude toward intellectual dissent and the recent student demonstrations in several Chinese cities.

Document No. 3 is based on extracts from a longer report by a veteran party official, Bo Yibo. Mr. Bo, who is considered a conservative, wrote a summary of the meeting at which Mr. Hu resigned.

Yet another document, designated No. 2, seems to indicate that Mr. Deng was an early advocate of the struggle against "bourgeois liberalization," which is manifested in the current campaign against Western political ideas.

This relatively brief document says Mr. Deng delivered a speech on the subject on the final day of the sixth full session of the party Central Committee on Sept. 28.

"In the battle against bourgeois liberalization, I am the one who has spoken out the most," Mr. Deng was quoted as saying.



BBC Names New Director

Michael Checkland, 50, arriving Friday at the British Broadcasting Corp.'s headquarters in London after being appointed director general. Mr. Checkland, an accountant, succeeds Alasdair Milne, 56, who resigned last month. The Labor Party charged that he was forced out by the government.

Jose Diokno, a Philippine Senator And Rights Advocate, Dies at 65

The Associated Press

MANILA — Former Senator Jose Wright Diokno, 65, a human rights advocate and an opponent of U.S. military bases in the Philippines, died Friday. He had been suffering from cancer since 1984.

Mr. Diokno belonged to a group of lawyers who defended human rights activists during eight years of martial law under former President Ferdinand E. Marcos, starting in 1972.

During nearly two years of imprisonment under Mr. Marcos, Mr. Diokno shared a cell with President Corason C. Aquino's husband, Benigno, who led the opposition against Mr. Marcos and was assassinated in 1983.

Mr. Nixon was a former leader of the Alabama chapter of the Na-

tional Association for the Advancement of Colored People.

In the 1920s, Mr. Nixon and A. Philip Randolph organized the Brotherhood of Sleeping Car Porters, an early black union. During World War II, he established the first off-duty club for black soldiers in Montgomery.

Jesús María Viana, Adviser to Suarez

MADRID (AP) — Jesús María Viana, 44, secretary-general of the Democratic Social Center Party, and longtime principal political counsel to former Prime Minister Adolfo Suárez, died here Wednesday of a stroke.

Mr. Viana represented the Basque province of Alava in the Cortes, or Spanish parliament.

Thailand Orders Major Military Drive Against Opium Warlord, Rebel Forces

Reuters

BANGKOK — Prime Minister Prem Tinsulanonda of Thailand said Friday that he had ordered a major military campaign against an opium warlord who heads the most powerful Burmese rebel group operating on the Thai-Burmese border.

Mr. Prem said at a press conference here that Bangkok would maintain a sustained operation against Khun Sa, the warlord, and Thai soldiers evicted some Wah guerrillas, another minority group operating in the area.

More than 2,000 people have held territory and boasted about a bumper opium crop. He said that he expected the harvest in 1987 to be 50 percent higher than in 1986.

General Chaowalit Yonchaiyut, the supreme Thai military commander, said later Friday that Thai troops were sent to the border district of Mae Ai in Chiang Rai province earlier this week to keep Khun Sa's guerrillas out of Thailand.

There have not been any clashes with the group yet, he said, but Thai soldiers evicted some Wah guerrillas, another minority group operating in the area.

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led from Burmese border areas into Thailand to escape a sweep by Rangoon's troops against rebel strongholds, police say.

Burma also has been distributing arms to hill tribesmen ready to join anti-insurgency units.

Mr. Prem said Bangkok's military drive was not linked with Rangoon's. Thai soldiers, he added, were targeting only rebels involved in drug trafficking in the Golden Triangle.

Rangoon had given Bangkok advance permission for Thai troops to enter Burmese territory to pursue Khun Sa's forces, Mr. Prem said.

Mandela's Daughter Questioned by Police

The Associated Press

SOWETO, South Africa — Security police briefly detained on Friday the daughter of the jailed black nationalist leader, Nelson Mandela, after they raided the family home.

Police said Zizi Mandela, 26, was freed after several hours of questioning. They declined to provide details.

Miss Mandela would not comment, but a family lawyer, Ismail Ayob, said she had not been charged.

He would not comment on the report from a family friend that a pistol was found.

The friend said police told Miss Mandela's mother, Winnie Mandela, that they had come to the family home in Soweto "about the gun on top of Zizi's cupboard."

The friend quoted Mrs. Mandela as saying a pistol was taken away. Mrs. Mandela later said, "This is obviously part of a new campaign against me and it has begun escalating."

Mrs. Mandela has reported that police searched the family home several times this month.

Police have confirmed the searches but refused to give an explanation.

Publishing Firm Leaving

McGraw-Hill, Inc. says it will pull out of South Africa, joining a growing list of major corporations that have ended operations there due to the country's racial policies.

Reuters reported from New York.

McGraw-Hill, a diversified publishing company, said it would sell its South African book publishing company and would stop selling its products in the country.

Joseph L. Dionne, president of McGraw-Hill, said in a statement: "In light of the increased political and social unrest in South Africa and the continued refusal of the South African government to address the evolution of the apartheid system, McGraw-Hill regrettably can no longer remain there and meet its varied commitments to the people of South Africa, our employees and our shareholders."

"We have a commitment, too," he said, "to our domestic customers, a growing number of whom deeply share our concern about the condition in South Africa."

McGraw-Hill's holdings include Business Week, Standard & Poor's, trade magazine and school textbook publishing units and television stations.

Other companies that have announced they are pulling out of South Africa include General Motors Corp., International Business Machines Corp., Exxon Corp., Coca-Cola Co., General Electric Co., CBS, GTE Corp. and Eastman Kodak Co.

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THE IRAN-CONTRA AFFAIR: At a critical moment for his presidency, Reagan chooses a new staff chief

Nancy Reagan Fights to Defend Husband

By Donnie Radcliffe
Washington Post Service

WASHINGTON—Nancy Reagan's campaign to remove Donald T. Regan as White House chief of staff was portrayed by friends and other sources as a struggle to protect her husband's presidency and to protect his honor, his health and his place in history.

In recent days, friends said, with the findings of the Tower commission imminent, she sat quietly in the evenings, acting more as a sounding board for Mr. Reagan than as an adviser.

"They needed each other more than ever," one friend said earlier this week. "She said she didn't care what the report said. She just wanted it to come out so Ronnie could talk about it."

When the report did come out Thursday, it said that Mr. Regan "must bear primary responsibility for the chaos that descended upon the White House" after the sale of arms to Iran became publicly known.

Mr. Regan resigned Friday and was replaced by Howard H. Baker Jr.

But Mrs. Reagan's struggle to have Mr. Regan dismissed began in earnest last December when she asked Robert Strauss, the Democratic strategist, to advise her husband on the Iran arms scandal.

After hearing Mr. Strauss lay it on the line to Mr. Regan, she no

longer suspected that Mr. Regan was an albatross, the sources say—she was convinced of it and became obsessed with getting rid of him.

After that, Mrs. Reagan began operating on two levels toward Mr. Regan.

Publicly, she declined comment. Privately, she telephoned and met with longtime intimate friends and former Regan aides, such as Michael K. Deaver and Stuart K. Spencer, to determine a course of action that would persuade Mr. Regan to get rid of his chief of staff.

On the public level last week, Mrs. Reagan declined to comment on reports that she and Mr. Regan had not been speaking. On the private level, sources designated by Mrs. Reagan confirmed that they had not.

"Somebody is saying things about how she feels, and I would say probably with her blessing," said Nancy Reynolds, a former aide and a longtime friend. "No body likes to be the bad guy, the dragon, but it's a role she's played many times before in protecting her husband and doing what she felt was the right thing to do, especially if things are stalemate."

Mrs. Reagan was angry with Mr. Regan for persuading the president to change his testimony to the Tower commission. She was said to be deeply distressed over the suicide attempt by the former national security adviser, Robert C. McFar-

lane, and blamed Mr. Regan for pressuring him to leave his post.

She also thought her husband should not have delivered his State of the Union address on Jan. 27, just three weeks after having prostate surgery, and was at odds with Mr. Regan over the contents of the speech. Mrs. Reagan also blamed the chief of staff for the president's badly prepared press conference on Nov. 19.

Her already tenuous relationship with Mr. Regan was said to have collapsed when he hung up the telephone on her.

Sources close to Mr. Regan said he never hung up on her, but a former White House aide said he had done so as long as two years ago.

Publicly, Mrs. Reagan's office had no comment on the report that Mr. Regan had hung up on her twice since December. Privately, her designated sources confirmed the incidents.

On one occasion, she was emphasizing to Mr. Regan that her husband's recuperation following prostate surgery go the full six weeks prescribed by his doctors. After that, what had been rumored differences exploded into a full-blown public feud.

"If I've been guilty of anything," Mrs. Reagan lamented to a friend this week, "it was that I've been very firm on insisting that Ronnie recuperate. Sometimes you have to put first things first. I felt his health was the most important thing."

Former aides said she has always been defensive and protective of the president and is never so angry as when she thinks someone has insulted her husband.

The feud with Mr. Regan was already building by the end of last year. From the privacy of the presidential living quarters, the president was overheard telling his wife, in effect, not to bug him anymore on the subject of Mr. Regan.

Mr. Regan and Mr. Regan are known to swap jokes and stories and enjoy a special kind of bonhomie, and this relationship has made Mrs. Reagan's struggle all the more difficult.

Mr. Regan's detractors said he is brusque, arrogant and poorly informed on affairs of state. The feud, said another former Regan aide, was "given Reagan the image that he's not in charge and that Regan is a guy who can even insult his wife and he's not responding to it."

A former presidential aide said: "She is not omnipotent. But she is a very powerful person because they love each other. It's almost an adolescent deep love and friendship for each other."

Mrs. Reagan has been involved in other administration personnel changes. She is said to have helped push aside Richard V. Allen, a national security adviser, and Interior Secretary James G. Watt, among others, when she felt they were damaging the Reagan presidency.



FEELING FIT — Robert C. McFarlane, the former White House national security adviser, jogging on Friday with his daughter Melissa Anne in Bethesda, Maryland. Mr. McFarlane, who is among those at the center of the Iran-contra affair, was recently released from a hospital after treatment for an overdose of tranquilizers.

Tower Panel Portrays A President Who Faces More Erosion of Support

By R.W. Apple Jr.
New York Times Service

WASHINGTON—The presidency of Ronald Reagan, who only a few months ago commanded the widest popularity of any postwar American chief executive, reached what may well be its decisive moment with the issuance of the report of its review board Thursday.

At a time when West European allies believe that the Soviet Union has seized the initiative, Mr. Reagan finds himself on the defensive, flanked by the report as unwilling to involve himself in the details of

do so. "At no point has he said that he himself made mistakes."

A former White House aide summed up the problem by telling of an encounter after a speech he gave at a Southern university. A student stood up and said, "People want to believe the president, but they just don't think he has told the truth." The student got a standing ovation.

Repairing the breach of confidence is one matter. Another is providing what the West European allies and official Washington want: some evidence that the president is back in control, that he has a staff that will do his bidding, that foreign policy is being run in a head-headed, professional way.

An American traveling through Britain, West Germany and France during the past 10 days was asked whether Mr. Reagan was capable of understanding what the Europeans saw as Mikhail S. Gorbachev's powerful new thrust of Soviet policy, both domestically and toward a new international order.

"This may be a historic moment in East-West relations," a British diplomat said. "We need the best analysis, the most exhaustive policy debate and the best policy execution we can get. But we in the West seem to be leading—and that is very dangerous indeed."

Europeans mentioned the summit meeting in Reykjavik as further evidence of what they saw as the muddled state of American foreign policy. This view seems to be spreading in the United States as well.

Writing in the current issue of Foreign Affairs magazine, James R. Schlesinger, a former defense secretary and former director of central intelligence, describes the American performance in Iceland as "ill-prepared" and "quite badly executed"—phrases that badly echoed those used Thursday in the Tower commission report in a different context.

The report cited evidence that Mr. Reagan had been involved in the diversion to the Nicaraguan rebels of arms sales proceeds or that he had taken part in an effort to staff members to conceal the truth. But it faulted him for failing to monitor the work of his staff, and it came close to pinning him as a man who sometimes inhabited a fantasy land.

"The president appears to have proceeded with a concept of the initiative that was not accurately reflected in the reality of the operation," the report said. "The president did not seem to be aware of the way in which the operation was implemented and the full consequences of United States participation."

But it is not any individual finding in the report that is likely to cause the most damage. It is the cumulative weight of page after page of unemotional description of experts' unemotional, of policies unemotional, of records unemotional, of questions unasked, of operations concealed by officials even from one another, and of a policy so incoherent that some of the charts illustrating individual transactions look like Rube Goldberg cartoons.

It adds up to a depiction not of inadequate institutions but of inept stewardship of the national trust at a moment of crisis, from the president on down, which may be why the commission chose as the epigraph for its narrative a line from the Roman poet Juvenal—"Who will guard the guardians themselves?"

The central issue on criminal activity is a conversion of U.S. funds to the Contras. Mr. Specter said. The Tower report, for instance, noted that about \$3 million in profits was generated from the arms sales to Iran in 1985 and another \$20 million in 1986.

Almost all of that money remains unaccounted for, but wherever it is, Mr. Specter maintained, "that money belongs to the U.S. government." If those proceeds were used for the Contras, he said, "that could constitute a fraudulent conversion."

The Cover-Up
Whatever other laws are brought into play, they are almost certain to be focused on the hurried efforts described in the Tower report to obscure the Iran-contra affair.

The Tower commission did not have the benefit of testimony from former secretaries such as Colonel North's has recently told investigators of altering and destroying documents at Colonel North's request.

BAKER: New Chief of Staff Named

(Continued from Page 1)

The phrase is resonating again in the current investigations by the Senate and House of Representatives of the Iran-contra affair.

Of Mr. Regan, the president said Friday: "Last week he indicated that with the release of the Tower board report, he felt he would like to go through with his original plans to return to private life."

"I am therefore accepting with regret his resignation as chief of staff, effective today."

Some sources at the White House said that Mrs. Reagan had forced Mr. Regan out and that even up to mid-afternoon, the chief of

it was announced formally at the White House.

"Howard Baker is the right man at the right time at this critical period for the White House," Mr. Dole said.

Mr. Regan's spokesman, Martin Fitzwater, said Friday that "the president is rightfully angry about the mismanagement described in this report and he intends to make changes as soon as possible."

(AP, UPI, Reuters)

■ Two Refuse Post

Before Mr. Baker's appointment, President Reagan was rejected by two prominent and longtime associates in his quest to find a replacement for Mr. Regan. The Washington Post reported.

Paul Laxalt, a former Republican senator from Nevada, and Drew Lewis, a former transportation secretary, both declined offers to serve as chief of staff.

The rejections by two of the Republicans who had been considered the most likely replacements for Mr. Regan dramatized the difficulty faced by the president as he tried to digest the implications of the Tower commission's report. The study severely criticized the president's decisions and management in the Iran-contra affair.

Mr. Laxalt, after meeting with Mr. Reagan on Thursday, said he had told the president that he could not come into the White House on a full-time basis because it would preclude him from exploring a 1988 Republican presidential candidacy.

Mr. Laxalt said he would continue to serve as a personal adviser outside the administration.

Mr. Lewis, who is now president



Howard H. Baker Jr.

Israel Denies Allegations It Offered To Send Contras Military Instructors

By Francis X. Clines
New York Times Service

JERUSALEM—Israel rejected as "totally groundless" on Friday a White House memo made public by the Tower commission asserting that Israel had once offered military instructors to assist the Nicaraguan rebels.

The Israeli government said that, to the contrary, it had rejected a White House invitation in May to send instructors to the rebel program fostered by the Reagan ad-

ministration to undermine the Sandinist government in Nicaragua.

The Reagan administration's covert initiatives involving arms for Iran and aid for Nicaraguan rebels, known as contra, were investigated by the commission. The panel concluded that Israel was heavily involved in encouraging the United States to approach Iran and attempt an exchange of arms for hostages.

Israeli officials continued to accept this overall finding with little dispute and to minimize their comments on the controversy.

"We are studying the report, but we find nothing so far to be concerned about," said Avi Pezer, the spokesman for Prime Minister Yitzhak Shamir. "What we did, we did in cooperation with the United States, as a friend."

Foreign Minister Shimon Peres, who was prime minister during the Iranian initiative, also would not dispute in detail the Tower commission finding that he repeatedly had urged the White House to continue.

"I'm not wrong," Mr. Peres noted, "the report says that even if Israel has urged the United States, the responsibility remains with the United States."

The commission, saying it was unclear whether Israel or the United States initiated the policy, found that Israel intervened frequently with the Reagan administration to advance the plan in order to pursue

separate and possibly conflicting goals in the Middle East.

Israeli officials emphasized on Friday the commission finding that "there is nothing improper per se about this fact."

On the question of contra aid, Defense Minister Yitzhak Rabin issued a more detailed response in reaction to a White House memo from the National Security Council released by the Tower commission.

The memo describing an alleged Israeli offer of military instructors was from Lieutenant Colonel Oliver L. North, then the White House counterterrorism specialist on the National Security Council, to Admiral John M. Poindexter, then President Ronald Reagan's national security adviser. Colonel North was dismissed and Admiral Poindexter resigned after the Iran initiative was disclosed in November.

"This allegation is totally groundless," the Israeli Defense Ministry declared in rejecting Colonel North's version that Israel offered contra instructors. "On the contrary, it was Colonel North who asked for such help, which was refused by the defense ministry."

The ministry statement made no mention of a separate plan in which Mr. Rabin cooperated with Colonel North in September in attempting to send weapons to the Contras. Mr. Rabin previously contended that the plan originated with the White House and was aborted by him in mid-shipment.



Oliver L. North

North's Solace
Is Matthew 5:10

The Associated Press

WASHINGTON—Lieutenant Colonel Oliver L. North suggested Friday that when Americans read the Tower commission's criticism of his role in the Iran-contra affair they should keep in mind the Bible verse, "Blessed are those who are persecuted for righteousness' sake for theirs is the kingdom of heaven."

Colonel North otherwise declined to comment on the Tower report and his role in the Iran-contra affair. The marine officer, who was dismissed from his National Security Council staff post last November after the Iran arms sales became known, commented as reporters gathered around his car in Great Falls, Virginia.

Asked whether there was anything he would like people to know about him as they go through the commission's report, Colonel North said, "I guess they ought to read the 10th Beatitude of Matthew 5." One Beatitude said, "I'm not familiar with that," Colonel North responded. "You ought to look it up."

Baker will give up campaigning for the Republican presidential nomination.

staff thought he would not have to resign until early next week.

The president apparently made the decision early Friday. He passed the word to Republican leaders at the end of his meeting with them Friday morning.

Mr. Reagan's staff members were grim faced, as they departed in and out of offices, shocked at the rapidity of Mr. Regan's downfall. He slipped out of the White House in the afternoon.

Mr. Baker's selection was announced by the Senate Republican leader, Bob Dole of Kansas, before

AID: White House Said to Use Threats to Aid Contras

(Continued from Page 1)

year period of congressional restrictions on U.S. assistance.

The report did not take any position on whether the contra-aid activities violated the various congressional bans, but it did say that senior White House officials misled Congress about how much they were doing.

The Reagan administration approached an unidentified country to supply British anti-aircraft missiles to the Contras. Sources familiar with the document identified the country as Chile. The request came just a few months before the State Department publicly assailed that nation for its human rights violations.

The president of an unidentified Central American country and one of its top military officials provided "extraordinary assistance" in getting \$8 million in weapons to the Contras in 1985, according to a memo by Colonel North in the report.

Sources said that this nation was Guatemala and that, shortly before a Guatemalan general signed the false documentation for the weapons, the Reagan administration sought to increase foreign aid to Guatemala to \$35 million from \$300,000.

The report confirmed that the administration had made a secret deal with Defense Minister Yitzhak Rabin of Israel for shipping Soviet-made weapons to the Contras last year. It contended that Israel was offering to send military advisers to the Contras if the United States would approve an Israeli attempt to sell its fighter planes to Honduras. (Israel denied the allegation on Friday, Page 6.)

There was a sharp dispute in the administration at the time over whether to allow the sale.

Colonel North wrote to his superior, Admiral Poindexter, that the reported threat to the Costa Rican president went "well beyond my charter in dealing with a head of state this way and in making threats/offers that may be impossible to deliver."

The Costa Rican ambassador to Washington, Guido Fernandez, said Thursday night that he did not believe the call ever took place. Elliott Abrams, the assistant secretary of state for inter-American af-

fairs, echoed that comment in his testimony before the commission.

At the time, Admiral Poindexter wrote to Colonel North: "You did the right thing, but let's try to keep it quiet."

The report confirmed previous charges that the Central Intelligence Agency's Costa Rican station chief was directly involved in aiding the rebels. It also disclosed that Admiral Poindexter told Robert M. Gates, the deputy director of central intelligence of the National Security Council's plans to phase out the private network, a comment that suggests he was aware of its existence and connection to the White House. Mr. Gates is now the nominee to become CIA director.

According to the report, about \$30 million was provided to the Contras in 1984 and 1985 from the "personal funds" of a foreign official. The report also said that finding on testimony by Mr. McFarlane and two other U.S. officials. A source familiar with the testimony said the foreign money was from the royal family of Saudi Arabia.

There were at least three references to President Reagan's knowledge of the efforts to aid the Contras.

Referring to Donald T. Regan, the White House chief of staff, Colonel North wrote on May 16, 1986, to Admiral Poindexter that "I have no idea what Don Regan does or does not know re my private U.S. operation but the president obviously knows why he has been meeting with several select people to thank them for their support for democracy in Centam."

In another memo, dated June 10, 1986, Colonel North wrote that the administration should try to get Blowpipe anti-aircraft missiles from an allied government, and added, "I would love to carry the letter from RR," apparently a reference to Ronald Reagan.

Finally, a week after the rebel supply plane was shot down over Nicaragua last Oct. 5, Colonel North wrote to Mr. McFarlane of his success in securing a \$100,000 donation from someone willing to pay for the legal defense of the surviving crewman.

"RR was briefed that this plan was being contemplated before he left for Iceland," Colonel North wrote, referring to Mr. Reagan's

trip to Reykjavik for a summit meeting with the Soviet leader, Mikhail S. Gorbachev.

Brent Scowcroft, a member of the Tower commission, acknowledged in an interview that the commission had "only scratched the surface" of the contra case, and that the internal National Security Council documents contain much more information than the committee had time to analyze.

The report says the legal opinions backing up the activities of the National Security Council were provided by an obscure agency called the Intelligence Oversight Board, a panel that works directly for the president to evaluate allegations of wrongdoing by intelligence agencies.

The report called this board an "odd source" and said that if there were any doubt about the legality of the activities, the administration should have gotten a systematic review because "the political cost to the president of illegal action by the NSC staff was particularly high."

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U.S. Knew of Iran Terror Plans in '86

Arms-for-Hostages Deal Went Ahead Despite Reports

New York Times Service

WASHINGTON—The United States was receiving intelligence data about Iranian terrorist activities that were to be conducted against the United States at the same time that Robert C. McFarlane, the former national security adviser, was preparing his trip to Iran in May 1986 to complete an exchange of arms for hostages according to the Tower commission report.

Despite these intelligence reports, Mr. McFarlane made the trip.

The Tower commission did not give details on the sort of terrorism that was planned. And while the report does not specify whether Mr. McFarlane was aware of the reports, Vice Admiral John M. Poindexter, then the national security adviser, was so disturbed by them that he asked if Iranian officials should be reminded of an apparent commitment they made to abstain from terrorist acts against the United States.

This was but one of dozens of instances detailed in the Tower report about private diplomatic initiatives conducted by the National Security Council that subverted longstanding American policies toward several Middle Eastern countries.

Perhaps most damaging is the commission's conclusion that, although President Ronald Reagan says he cannot remember many of the details of the sale of arms to Iran in return for the release of American hostages in Lebanon, the

president was involved in the initiative from the outset and probably approved the policy when the Israelis first proposed it in August 1985.

The report discloses that a confession by William Buckley, the Central Intelligence Agency station chief in Beirut, who is believed to have been told to death while a captive in Lebanon, was an issue in the negotiations with the Iranians.

Mr. Buckley had access to some of the most sensitive information about the Middle East and his release was one of the primary goals of the arms deals.

At some time during negotiations in the latter part of 1986, the Iranians offered to turn over the 400-page confession, according to the Tower report.

foreign official had offered Mr. McFarlane \$1 million a month, a sum later raised to \$2 million, for support of the Contras.

A classified legal memo retrieved from Colonel North's National Security Council office safe, apparently prepared by the President's Intelligence Oversight Board sometime in 1985, said that the National Security Council was not an "entity involved in intelligence activities" and thus "not covered by the prohibition" laid down by Congress.

Lawyers such as Senator Arlen Specter, Republican of Pennsylvania, a former prosecutor, said he doubted that the oversight board's opinion was correct, but he said that in any event, it would not permit Colonel North or any other U.S. officials "to spend U.S. money in an unauthorized way."

Frankfurt Fund Conversion

Mr. Specter and other experts have suggested that the crimes that may be involved in the Iran-contra affair will not involve around complex laws, such as the Arms Export Control or National Security Act, but around old-fashioned statutes dealing with criminal conspiracy, fraudulent records, obstruction of justice and fraudulent conversion of government property.

NEWS ANALYSIS

foreign policy and, at least in the Iran-contra affair, unable to control his staff, unable even to remember when he authorized what.

His critics and some of his friends will no doubt find parallels between the story of confusion in the report and another recent episode—the summit meeting in Iceland last fall.

Mr. Reagan's accomplishments, students of his presidency say, have been to restore the confidence of the American people in themselves, their country and its leadership, and, initially at least, to take the initiative against the Soviet Union.

These accomplishments now seem imperiled. The danger is that the faith of the American public and of the allies in Mr. Reagan's capacity to lead will be further eroded in the remaining 23 months of his second term.

The erosion has been severe. It appears unlikely, with two congressional committees and a special prosecutor beginning their work, that anything Mr. Reagan does now will repair all of the damage.

A Republican conservative, Representative Newt Gingrich of Georgia, commented Thursday: "He will never again be the Reagan that he was before he blew it. He is not going to regain our trust and our faith easily."

At meetings in the White House over the weekend, Mr. Reagan will be told, according to people who are to take part, that he must acknowledge he made serious mistakes, that he must install a staff that will ensure that such mistakes will not recur, and that he must act quickly. His advisers are said to be convinced that the resignation Friday of his chief of staff, Donald T. Regan, alone will not be enough.

"This is the most important passage of this presidency," a staff member said. "We will either start to get it together next week, when the president makes his speech to the nation, or we may never get it together. He will have to go much further than he has before in accepting the blame for a policy that was catastrophic. After this report, the State of the Union formula just is not enough."

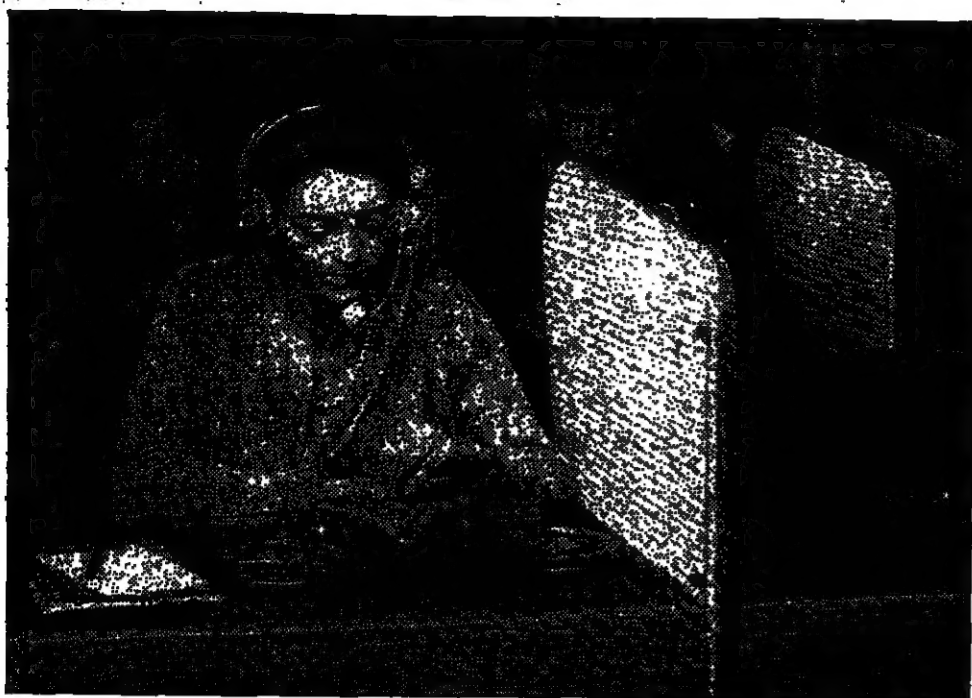
In his State of the Union message on Jan. 27, Mr. Reagan said only that "we did not achieve what we wished" in Iran and that "serious mistakes were made in trying to

ADVERTISING SECTION

ADVERTISING SECTION

SCHOOLS IN GERMANY

The Goethe Institute's Worldwide Approach



Following German to the needs of industrialists, scholars and the Chinese.

The Goethe Institute, which was founded in 1951 to promote the German language abroad and arrange cultural exchanges between Germany and other countries, is playing a special role in this year's Hannover Fair (April 1 to 8), the world's largest industrial fair.

China is the fair's "partner country" this year, and the Goethe Institute will be in Hannover to tell about its work with China's educational and cultural organizations. The Institute has been conducting teaching courses at several Chinese universities since 1976.

A German-Chinese panel discussion, on April 2 at the fair's Lower Saxony Pavilion, will bring together experts from both countries in the fields of politics, business, science and culture. There will also be a reception at the Goethe Institute's information center, to which Chinese scholarship students and a Chinese writer have been invited.

The Goethe Institute's presence at Hannover is indicative of a trend in teaching German. Though there has been a loss of interest in recent years in German as a general language, there has been increased interest in it as a business language. The Institute and the German Industry and Trade Conference (DIHT) recently worked out an examination for business German that has proved to be of particular interest in the European Community, northern Europe and South America.

The Goethe Institute has long been a partner to business and industry, and conducts "tailored" language courses at its facilities in West Germany. The Institute knows that a hotel specialist will need a much different kind of German than an art historian. The student is the one who decides on the scope, content and length of the course. Intensive individual instruction is also possible. The bulk of those who study at the Institute's 16 facilities within West Germany and Berlin come from the United States, Japan, Italy and Switzerland.

The 16 institutes are not located exclusively in big cities; some are in pleasant country areas. They provide language instruction to some 20,000 foreign students a year.

On completion of the course the student can get one of several certificates. There is a German Language Diploma, awarded by the Institute in conjunction with the University of Munich, and a Certificate of German as a Foreign Language, issued in conjunction with the German Association of Adult Education Centers. Additionally, a diploma for business German is awarded in some foreign countries in conjunction with

each country's chamber of commerce.

In addition to the facilities at home, the Goethe Institute has 149 cultural centers in 67 countries. Though the foreign facilities are tailored to local needs, a typical one will consist of a library and facilities for classes, seminars, exhibitions, concerts, motion pictures and the like.

Goethe Institutes abroad can be found in such faraway places as Athens, Seville, Bangkok, Beijing, Bucharest and Lima. Locations in North America include Seattle, St. Louis, Ann Arbor and Vancouver.

The Institute is financed partly from government funds, partly from fees collected for its work and partly from private donations. It has recently been getting additional federal funds as part of a Bonn program to

promote the speaking of German abroad.

Another point of emphasis in the Institute's work is basic and advanced training for German teachers. Courses and seminars are conducted at home and abroad. There is also a program for counseling schools on German instruction, and in some cases financial aid is provided for the teachers.

The Institute also provides language instruction by radio and television, most recently in conjunction with the Deutsche Welle shortwave service. It supplies libraries with information on the cultural life in West Germany, and it awards the Goethe Medal to people who have distinguished themselves in international cultural exchange.

The European Year of Music 1985 was a particular challenge for the Goethe Institute. The year was so designated largely because it marked the 300th anniversary of the birth of Johann Sebastian Bach and George Frederick Handel, both German-born. The Institute reacted with 1,582 musical events worldwide, a 26 percent increase in musical activities over the previous year. About two-thirds of the events were concerts and the remainder were lectures, symposiums, workshops and seminars.

A sampling of events the Institute sponsored during 1985 will give an idea of the cultural program abroad. The Musica Antiqua ensemble of Cologne made an extensive tour of China and Scandinavia, while the Camerata of Cologne toured Turkey, Greece, Yugoslavia and several South Asian countries. In the theatrical world, the Bochum Theater presented the play "Hermannschlacht" in Budapest and Paris, while the Wuppertal Dance Theater performed in Los Angeles and New York.

Spotlight on English

"Spotlight" magazine, published near Munich, circulates monthly throughout German-speaking Western Europe, carrying news of politics, business, culture, science and sports.

That alone would not be surprising, but Spotlight is printed in English. It bills itself as "the magazine in easy English," and its target audience is Germans who speak some English and would like to keep in practice and improve their knowledge of the language.

Its publishers say the magazine has a two-fold editorial concept: as a device for practicing the language and as a medium for improving knowledge of the English-speaking world. In pursuing the second goal, it probably covers Britain, Ireland, the U.S.A., Canada, Australia and New Zealand more

extensively than any other German periodical.

This editorial concept seems to make sense to a lot of Germans. English is by far the most-taught foreign language in Germany's public schools, universities and language schools. A knowledge of it can be a genuine asset in the job market.

The magazine features a variety of aids for the learner. Most articles are rated with an "E," an "M" or a "C," to tell the reader whether the article is considered "easy," "medium" or "challenging." Very few of the articles are "C-rated."

There is also a short summary of each article in German and, at the end of most articles, a list of "tricky words" with the German translation. The words are underlined in the article.

A glance at the material in recent issues shows the extent to which Spotlight seeks to keep readers informed on developments in the English-speaking world. There were articles on Canada's woes over the mass incursion of U.S.-produced television, on the furor over the "colorizing" of black-and-white movies, on North American ancestor-hunters in Ireland and on Mrs. Thatcher's American daughter-in-law.

Spotlight is published monthly by Spotlight Verlag Dr. E. Müller of Hemsching near Munich, and has a circulation of 75,000, 85 percent by subscription. Its typical reader is young, with above-average education and income.

The company also publishes "Écoute," a magazine in "facile à lire" French.

Alsterdamm: 40 Years of Punctuality

No celebration will mark the 40th anniversary of Hamburg's Alsterdamm Art School. Founder-director Gerd F. Seitzke said there was no time for that. His statement sums up the philosophy at Germany's largest private art school, where punctuality is demanded of the some 200 graphic arts students. Seitzke gets 10 applications daily for admission and can accept 50 new students a semester. But, he says, "Those who stick it out have job contracts in their pockets before they get their diplomas." Students at the four-year institution have won some 250 cash prizes and designed 27 U.N. stamps.

Choosing the Right School

The Inlingua Program

The Villigen Inlingua School of Languages' method allows students to learn fast and efficiently by hearing, speaking and reading only the language they are learning. For business men and women who need a quick introduction to German, Inlingua offers a crash intensive program in business German as well as conversational German. Students in this program attend four to eight hours of instruction daily for two or four weeks at Inlingua's school in Villigen, in the beautiful Black Forest.

Blocherer School

Students from all over the world who are seeking careers

in graphic arts, interior decorating and painting attend the Blocherer School in Munich. Founded in 1915, the school has remained a family-owned accredited private school, with emphasis on practical training and encouraging creativity, critical thinking, self-reliance and skilled craftsmanship. Classes are kept small for maximum flexibility and personal contact between instructor and student.

The Blocherer School's method of teaching-by-doing and individualized instruction has achieved international recognition. The length of the courses varies. The course for graphic design requires eight semesters (four academic years) and for interior decorating six

semesters (three academic years) plus six months on-the-job experience. The duration of the painting program depends on the individual student.

Euro-Internatsberatung

Success in today's world has become increasingly difficult. Only those with the best education have a solid foundation to face the challenges of our competitive society.

Boarding schools have recognized this problem for young people and have accordingly developed well-rounded programs to help young people become successful graduates. These boarding schools provide small classes, daily homework assignments, special extra classes to

give additional help in all subjects, motivation by teachers and a wide variety of leisure activities.

To aid in selecting the right boarding school, or "Internat," Euro-Internatsberatung publishes detailed descriptions of about 40 such schools in Germany, Austria and Switzerland, based on visits to about a hundred "Internats" in recent years by its own experts. The book is available only in German (for a charge of 40 Deutsche marks or about \$22), but for some of the schools, brochures in English and French are available. Euro-Internatsberatung also conducts seminars twice yearly for parents and young people at no charge. For the book and more information: Zentrale der Euro-Internatsberatung, Grillparzerstr. 46, D-8000 Munich 80.

— Tom Lacey

KUNSTSCHULE
ALSTERDAMM
HAMBURG



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ARTS / LEISURE

Impressionist Bargains in the Off-Season

International Herald Tribune

LONDON — Blockbuster exhibitions and major auctions provide a simplified view of art history. Trends seem clear-cut and well-defined, with each artist neatly pigeonholed — Monet, Jongkind, et al.: Impressionists; Matisse, Fauve to start with, later his own inimitable self. And so on.

It takes one of those small sales during the dead season when the so-called "uncharacteristic" pictures by these masters are unloaded on the market at discount prices, to restore the balance. In Sotheby's

SOUREN MELIKIAN

Wednesday auction of Impressionist, Modern and Contemporary Paintings, the revision process started with the first lots. Impressionism was not all hazy landscapes with meadows full of poppies, or London views drowned in pale foggy sunshine. There were several parallel trends, one of which had a stronger palette, well-defined outlines, a sense of perspective that gets completely blurred at the height of Monet and Renoir's first Impressionist phase — and even an intensely dramatic feel. Jean-Baptiste Guillaumin illustrated that particular brand of alternative Impressionism. Few realize that he was a key Impressionist figure from the outset. In 1863, aged 22, he was already exhibiting at the Salon des Refusés and came to know other art rebels — Cézanne, Pissarro — when the word Impressionist had not yet been coined. Naturalist was then the catchword.

Guillaumin was the most extreme in his determination to break with the aesthetics of the past and refused to "paint one stroke other than from nature." He was the first who had the idea of painting a landscape at different times of the day as a study in light variations — he did this in Montmartre, then still suburban countryside — and took part in the first exhibition of the Impressionists, when that name was adopted on the premises of the photographer Nadar in 1874.

A landscape of his, "Faisane aux Environs de Dieppe," was No. 2 in Sotheby's sale and shows how different he remained from those we now think of as Impressionists. A narrow tall cliff dramatically rises right up to the top of the canvas from a broad expanse of strand. A strip of white and turquoise green sea appears at left topped by a vast sky filled with beautifully painted clouds. It is Impressionist in the sense that colored impressions are conveyed by irregular strokes of different shades side by side. But the cliff stands out clearly against the sky and the sea is firmly delineated with dark, horizontal, purplish blue shading instead of blending with the sky. The undated landscape is said to be circa 1882 by Sotheby's catalogue but I suspect the date to be closer to the mid-1870s. It is a marvelous composition, yet one so unfamiliar to those reasoning in terms of "standard" Impressionism that it is not worth a great deal. It sold for only £5,280 (about \$8,100) within the \$4,400-6,600 bracket predicted by Sotheby's.

The next work was more astonishing still. Signed Jongkind and dated 1849, it gave a view of Impressionist art a quarter of a century before its official birth. It is so much outside the beaten track that Sotheby's appears to have had qualms about its authenticity and felt called upon to specify that "the authenticity of this work has been confirmed by Adolphe Stein," a dealer in Old Masters and 19th century drawings. The view described as "La Colline de Montmartre" is a watercolor with details in pen and brown ink.

It is a wide open landscape seen from a hilltop and with ripples of shaded green and pale brown, some touches of ochre, and a thin purple strip over the horizon. It ties in with the compositions of some Dutch artists of the 17th century and yet is more advanced than the Impressionist movement *stricto sensu* of which Jongkind was to become a prominent member years later. There is a Turnerian quality to that



"Mill by a River," by Johan Barthold Jongkind.

picture which, were it not for a tiny cluster of thatched houses in the middle, could be mistaken for an essay in Abstractist landscape painting. If it is indeed authentic in every respect, including date and signature, it is an extraordinary piece of evidence concerning a hitherto undocumented aspect of European art, and well worth its £7,040.

It also means that within only four or five years Jongkind took giant strides from very traditional Dutch painting to the most advanced art of his time. By coincidence, the lot offered immediately after this was one of the painter's slightly earlier works, a view of a windmill on a pier overlooking a vast estuary. This view done in oils on panel was included in the great "Johan Barthold Jongkind" retrospective held in 1948 at the Gemeentemuseum, in The Hague. It is thought to have been executed in 1844 or 1845 and illustrates a full known aspect of Jongkind's career, the phase during which he painted under the influence of his master, the academically revivalist Andreas Schelfhout, (1787-1870). Seen in the reduced size of a catalogue plate it almost looks like a Schelfhout, with its study of water reflections and its quintessentially Dutch palette from rusty browns to every shade of bluish gray. Looked at

carefully, it betrays an interesting tendency to paint in wobbly strokes of color — a sort of premonition of the later Impressionist touch. Conventionally romantic, with its lurid sunlight piercing through heavy wintry sunset clouds, it is not unattractive and just manages to avoid the pitfall of kitsch. The price of £11,530 is about one-third of what a "characteristic" — read: Impressionist, post-1870-71 — Jongkind would fetch.

If the beginnings of Impressionism had multiple facets, so did its offshoots, some utterly defeating classification. A landscape done in 1894 by Maxime Maufra included in Sotheby's sale seemed to mirror every possible influence, yet imitated no artist in particular. Often dubbed a Post-Impressionist, partly because he had great admiration for Sisley and Pissarro, the artist owed as much to his stay at Pont Aven, where he met Gauguin and Sérusier in 1890. The dreamy, intensely poetic view of Bruges combines the Sisley style handling of leafless trees with a Pont Aven influence in the spookily purple tower in the distance and the bridge that seems to dissolve itself in water as the slightly paler, blurred reflection

of the arches completes the full circle for each one. But the intensity of the palette in one corner and the combination of acid yellow and orange red in the houses anticipates the Fauve sense of color. "Post-Impressionist" is a very loose way of describing this.

There were even stranger mixtures such as the combination of academic painting of a quasi-photographic nature with the Pointillist technique of rendering light through dots of different colors. Paul Lumitz, born in Poland but who spent much time in Graz, Austria, did just that with considerable skill as his £11,000 landscape shows.

Some great works have escaped recognition because they are impossible to place in any glibly labeled mainstream. Louis Valtat went through many styles from a strong early Pointillist phase to a Fauve contribution and finally some watered down versions of all of these in later life. In most of his styles, his personal mark was strong enough to set him apart. He produced some masterpieces until World War I. A superb still life of tulips handled in a manner that blends Nabi feeling for precise outline and contrast, and a Fauve love for the red-yellow color combination was sold for a mere £22,000, Sotheby's low estimate. "Uncharacteristic" pictures have never been expensive. You could buy a £24,200 Matisse that day. Sotheby's was not quite sure about its credentials and went to Wanda de Gubertin for confirmation. The Post-Impressionist view of a bridge on the Seine is striking in its own peculiar style with a dramatic light and a color scheme in browns and grays that harks back to the Barbizon school. Sotheby's says it was painted circa 1899 and adds that it is "recorded in the Henri Matisse archive no. PZ. 334." It is that reference that made the picture sell, not its intrinsic beauty disturbingly unrelated to familiar images.

Faces as Flora and Fauna

By Michael Gibson

International Herald Tribune
VENICE — "Effetto Arcimboldo" — the title suggests some dark genetic tragedy in outer space: The Arcimboldo Effect, a mysterious ailment that causes the human head to lose its organic coherence and slowly break apart into unrelated components, a wide variety of plants or living creatures.

Subtitled "Transformations of the Face From the 16th to the 20th Century," the show at the Palazzo Grassi through May 31 is clearly meant to be more than the presentation of a curious, idiosyncratic painter whose long-forgotten works acquired sudden fame after a 1936 show at the Museum of Modern Art in New York, while next to nothing was known about him.

With a selection of 300 items, it is also intended to raise an intriguing question to which the formalist school of art criticism has not provided a satisfactory answer: What are we to make of the deconstruction of the human form that makes a sudden, unexpected and merely temporary appearance in the 16th century with the work of Arcimboldo, and which was to become one of the more spectacular aspects of art in our own day?

The show might, in a sense, be regarded as a horror story, although it begins like an entertainment. Giuseppe Arcimboldo (1527-93), born in Milan, is known today because of countless imitations of variable quality and only 13 oil paintings (and 14 copies) that can be attributed to him beyond a doubt. One thing is obvious to anyone who sees the originals and the imitations side by side. Arcimboldo's works have a delicious freshness about them that mostly eludes the lesser craftsman.

His paintings tend to be regarded as amusing today. In his own time they were thought a rather arcane curiosity. The latest research suggests that such sequences as "The Elements" or "The Seasons" were commissioned by Emperor Maximilian II to decorate the central hall of a Kunstkammer he planned in Vienna. The implication is that both series were to be symbolic ornamentation, possibly surrounding an equally symbolic gilded copper fountain of which the four surviving figures ("The Seasons") are on display in the same room of the Palazzo Grassi as the Arcimboldo sequences.

Yet even though the entertainment value of these works has generally been regarded as rather high, it needs but a glance at Arcimboldo's pen and blue pencil self-portrait, his lean (and no doubt sorrowful) features, his sad and solemn eyes to realize that the man could not have been moved by any simple urge to entertain. Hidden beneath their obvious seductiveness, there is something disturbingly obsessive about some of his works.

An ichthyologist, for instance, recognized as many as 62 species of fishes, reptiles, cephalopods, mollusks, crustaceans and so forth, meticulously rendered in the figure of "Water" — there are even more but they cannot all be definitely identified. Surely such encyclopedic zeal is not motivated by the mere desire



Arcimboldo's "Vertumnus" — Rudolf II.



Giuseppe Arcimboldo.

to entertain. On this point the catalogue appropriately reminds us that Arcimboldo lived in an age that was just beginning to take stock of the world in an encyclopedic way. The scientific view of the world was barely taking hold and it still had much sympathetic magic woven into it.

Arcimboldo was 14 when Ptolemy died and Michelangelo completed the Sistine Chapel. He was 16 when Copernicus first suggested that the earth circled the sun. He was 37 when Galileo and Shakespeare were born, and Calvin and Michelangelo died. It was the age of Nostradamus, of Giambattista Della Porta's "Magic Naturalis" and of the writings that led Giordano Bruno to the stake on the Campo dei Fiori in Rome. It was also the age in which the Turks were defeated at Lepanto and the French Protestants were massacred on St. Bartholomew's Day.

The exhibition and its erudite catalogue offer some intriguing insights

into a crucial period of European history and Arcimboldo, as director of the imperial collections, stands revealed — as though in fragments of an ancient fresco — as a curious man of many talents. But what about the "Arcimboldo Effect" in the art of our own day?

Here the choice does not range as far as one might expect — just far enough to make the point. There is quite a lot of Dali, because much of his work is a play with ambiguous forms. Raoul Hausmann's "The Spirit of Our Times," a wooden dummy's head with bits of metal, watch parts and other objects affixed to it, looks as though it might contain an answer of sorts to the question, but the key is perhaps best given in the curious title of a painting by Victor Brauner, "The Breakdown of Subjectivity."

The answer may well be that the triumph of the scientific world view had a corrosive effect on the perception people had of their selfhood. Its breakdown under the impact of the extraordinary changes and new ideas that came with the turn of the century ultimately placed artists in the obligation of making a public statement out of this new situation. Picasso is represented in this show by his delightful statue of a "Baboon and its Young" in which the mother's head is a child's toy automobile. But it might have been more appropriate to choose some of his painful and almost inhuman portraits.

The Palazzo Grassi show, conceived by Yasha David, does not propose any definite answer to the exciting question it raises. But that is perhaps beyond its calling. What it has done is draw the public's attention to a deep fantasy of Western culture and impel it to wonder about what it might really mean.

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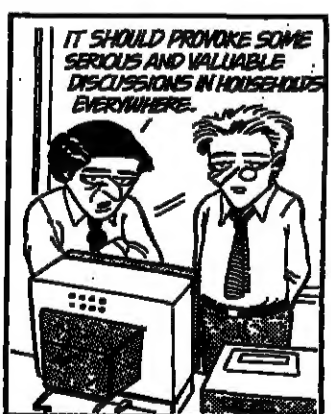
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NYSE 4 p.m. close	143,183,130
NYSE 4 a.m. volume	142,800,000
NYSE 4 p.m. close	143,183,130
NYSE 4 a.m. volume	142,800,000
NYSE 4 p.m. close	143,183,130
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NYSE 4 p.m. close	143,183,130
NYSE 4 a.m. volume	142,800,000
NYSE 4 p.m. close	143,183,130
NYSE 4 a.m. volume	142,800,000
NYSE 4 p.m. close	143,183,130
NYSE 4 a.m. volume	

NYSE Index				
High	Low	Close	Chg.	Open
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87

Friday's NYSE Closing				
High	Low	Close	Chg.	Open
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87

AMEX Diary				
Class	Prev.	Chg.	Open	Close
Advanced	24.75	+1/4	24.87 1/2	25.00
Declined	24.50	-1/4	24.62 1/2	24.75
Unchanged	24.25	0	24.37 1/2	24.50
Total Issues	24.00	0	24.12 1/2	24.25
New High	23.75	+1/4	23.87 1/2	24.00
Low	23.50	-1/4	23.62 1/2	23.75

NASDAQ Index				
High	Low	Close	Chg.	Open
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
3000	26.25	26.00	26.12 1/2	+1/4
2000	26.00	25.75	25.87 1/2	-1/4
1500	25.75	25.50	25.62 1/2	-1/4
1000	25.50	25.25	25.37 1/2	-1/4
500	25.25	25.00	25.12 1/2	-1/4
250	25.00	24.75	24.87 1/2	-1/4
100	24.75	24.50	24.62 1/2	-1/4
50	24.50	24.25	24.37 1/2	-1/4
25	24.25	24.00	24.12 1/2	-1/4
10	24.00	23.75	23.87 1/2	-1/4
5	23.75	23.50	23.62 1/2	-1/4
2	23.50	23.25	23.37 1/2	-1/4
1	23.25	23.00	23.12 1/2	-1/4

Dow Jones Bond Averages				
Class	Prev.	Chg.	Open	Close
Advanced	24.75	+1/4	24.87 1/2	25.00
Declined	24.50	-1/4	24.62 1/2	24.75
Unchanged	24.25	0	24.37 1/2	24.50
Total Issues	24.00	0	24.12 1/2	24.25
New High	23.75	+1/4	23.87 1/2	24.00
Low	23.50	-1/4	23.62 1/2	23.75

NYSE Diary				
Class	Prev.	Chg.	Open	Close
Advanced	24.75	+1/4	24.87 1/2	25.00
Declined	24.50	-1/4	24.62 1/2	24.75
Unchanged	24.25	0	24.37 1/2	24.50
Total Issues	24.00	0	24.12 1/2	24.25
New High	23.75	+1/4	23.87 1/2	24.00
Low	23.50	-1/4	23.62 1/2	23.75

Odd-Lot Trading in N.Y.				
Class	Prev.	Chg.	Open	Close
Advanced	24.75	+1/4	24.87 1/2	25.00
Declined	24.50	-1/4	24.62 1/2	24.75
Unchanged	24.25	0	24.37 1/2	24.50
Total Issues	24.00	0	24.12 1/2	24.25
New High	23.75	+1/4	23.87 1/2	24.00
Low	23.50	-1/4	23.62 1/2	23.75

Dow Jones Averages				
Class	Prev.	Chg.	Open	Close
Advanced	24.75	+1/4	24.87 1/2	25.00
Declined	24.50	-1/4	24.62 1/2	24.75
Unchanged	24.25	0	24.37 1/2	24.50
Total Issues	24.00	0	24.12 1/2	24.25
New High	23.75	+1/4	23.87 1/2	24.00
Low	23.50	-1/4	23.62 1/2	23.75

Standard & Poor's Index				
High	Low	Close	Chg.	Open
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87

NASDAQ Diary				
Class	Prev.	Chg.	Open	Close
Advanced	24.75	+1/4	24.87 1/2	25.00
Declined	24.50	-1/4	24.62 1/2	24.75
Unchanged	24.25	0	24.37 1/2	24.50
Total Issues	24.00	0	24.12 1/2	24.25
New High	23.75	+1/4	23.87 1/2	24.00
Low	23.50	-1/4	23.62 1/2	23.75

AMEX Stock Index				
High	Low	Close	Chg.	Open
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87
143.12	142.87	143.00	+0.13	142.87

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Gets Lift From Bonds

United Press International

NEW YORK — Prices on the New York Stock Exchange ended narrowly higher Friday in moderate trading, buoyed by firm bond prices and modest gains in oil and banking issues.

The Dow Jones industrial average rose 7.31 points to 2,223.99, while some secondary indicators reached record highs. Over the week, however, the Dow fell 11.25 points.

Advances outnumbered declines by roughly 8 to 7, and volume amounted to about 142.8 million, down from 165.8 million Thursday.

The New York Stock Exchange composite index rose 0.60 point to 162.01, with the price of an average share climbing 15 cents.

Traders said stocks got a boost from the bond market, which strengthened after the January trade deficit widened to \$14.78 billion.

Combined with the 7.5 percent drop in January durable goods orders reported Thursday and a sharp plunge in January retail sales, the figures revived concerns about the economy's health. Even so, traders said, they alleviated worries that interest rates might rise.

Michael Meisler, national sales manager at Shearson Lehman Brothers, said the market spent the week in a seesaw pattern, "digesting" a lot of economic and political news. But Mr. Meisler said the Dow's hovering above the 2,200-level was healthy.

"The market will climb a wall of worry," said Mr. Meisler. "If all we saw were clear skies and full speed ahead, that might be a sign that prices already reflected all the good news."

"The market's getting a lot of crosscurrents," said Joseph Barthel, director of technical strategy at Butcher & Singer. "We're seeing individual pockets of strength while other stocks that have had a strong runup are correcting. The result is that the market is positioning itself to accelerate again."

Mr. Barthel predicted that equities could renew their climb next week.

Xerox was the most active NYSE-listed issue, slipping 1/4 to 73 1/4. American Motors followed, rising 1/4 to 34 1/4. American Motors was third, falling 1/4 to 33 1/4.

Among blue chips, AT&T eased 1/4 to 22 1/4. IBM rose 1/4 to 130 1/4. USX added 1/4 to 23 1/4. Sears rose 1/4 to 51 1/4.

American Express climbed 1 1/4 to 74. It rose 4 1/4 Thursday on talk that the company will declare a stock split, boost its dividend and spin off its Shearson Lehman Brothers Inc. brokerage unit to the public. The company has refused to comment on the rumors.

Money center bank issues rebounded from weakness earlier in the week stemming from Brazil's suspension of interest payments on its debts to foreign banks. Citicorp rose 1/4 to 53 1/4 and J.P. Morgan jumped 1 1/4 to 45 1/4. Oil companies gained, with Exxon adding 1/4 to 78 1/4 while Chevron rose 1/4 to 49 1/4.

The American Stock Exchange market value index rose 2.04 points to 424.97, a new high. The price of an average share added 7 cents. Gainers outpaced losers by a 3-2 ratio, while volume totaled 14.25 million, down from 18.19 million Thursday.

12 Month High	Low	Stock	Div. Yld. %	PE	Stk. 100 High Low	Close	Chg.	Open
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4

12 Month High	Low	Stock	Div. Yld. %	PE	Stk. 100 High Low	Close	Chg.	Open
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4
11 1/4	3 1/4	Entergy	4.0	12.0	11 1/4	11 1/4	+1/4	11 1/4

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CURRENCY MARKETS

Dollar Stable, Despite Trade Figures

Compiled by Our Staff From Dispatches
NEW YORK — The dollar was slightly higher Friday, showing little reaction to the report of a \$14.8 billion U.S. trade deficit in January and prompting speculation that it has hit bottom for now.

The dollar closed in New York at 1.8265 Deutsche marks, up from 1.8230; at 153.20 yen, up from 152.975; and at 6.0805 French francs, up from 6.0710.

However, it was lower against the British pound, which closed at \$1.5480, against \$1.5405.

The trade deficit was in line with predictions. But the deficit, and a 7.5 percent drop in orders for durable goods announced on Thursday "were not good figures by any means," Earl Johnson, vice president at Chicago's Harris Bank, said.

"They were reason to sell the dollar, and the fact that the market didn't do so may be significant," he said.

He said traders were unwilling to

London Dollar Rates

Currency	Rate	Change
Deutsche mark	1.8265	+0.0035
Swiss franc	1.5480	-0.0075
French franc	6.0805	+0.0095
Japanese yen	153.20	+0.225

Source: Reuters

test the 1.80 DM level against the dollar that the market believes would prompt central banks to intervene to support the dollar.

The United States, Japan, West Germany, Britain, France and Canada agreed last weekend in Paris to stabilize the dollar at around current levels. Dealers say they believe the six set secret zones for currency values that central banks would defend.

Throughout the week, the dollar traded between 1.80 DM and 1.85 DM.

"I think the politicians can be

satisfied," Dieter Glöckner, customer dealer at Deutsche Girozentrale-Deutsche Kommunalbank, said of the Paris agreement.

"They've discouraged us from doing anything."

Central banks only had to make discreet inquiries about banks' dollar buying and selling rates Thursday to arrest a fall in the dollar after the bad news on the U.S. economy.

The dollar closed in London on Friday at 1.8272 DM, up from 1.8235 DM at Thursday's close, and at 153.20 yen, firmer against 152.975.

The pound gained slightly against the dollar, closing at \$1.5480, compared with \$1.5405.

In earlier European trading, the dollar was fixed in Frankfurt at 1.8268 DM, up from 1.8245, and in Paris at 6.0805 French francs, up from 6.0740.

It closed in Zurich at 1.5388, up from 1.5295. (UPI, Reuters)

DEBT: Venezuela Terms

(Continued from Page 1)

visory committee, meeting in New York, expressed grave concern to Brazil's chief debt negotiator, Antonio Padua, de Seixas, over the suspension of interest payments.

Argentina has threatened to emulate Brazil's payments moratorium if the banks do not grant its request for fresh funds.

Argentina's bankers were expected to hear Friday in New York an initial presentation by Treasury Secretary Mario Barroso on Argentina's request for \$2.15 billion in new loans and a multilateral rescheduling agreement.

Meanwhile, it was announced in Washington that the United States and other countries decided Thursday to grant a \$500 million short-term loan to Argentina while it completes debt negotiations.

The U.S. Treasury said its willingness to participate in the loan indicated support for a four-month wage and price freeze and a currency devaluation that Argentina announced Wednesday.

Banking sources said the loan would make it easier to convince Argentina's commercial creditors to advance fresh loans.

Under the Venezuela accord, the interest rate will be reduced to 1/2 of a point over the benchmark London interbank offered rate, from 1 1/4 points.

The amount of principal that Venezuela will repay in 1987, 1988 and 1989 will be reduced to a total of \$1.35 billion from \$3.36 billion.

Bankers cautioned that some details must still be worked out, including whether the new terms should be applied retroactively or only upon approval of the package by all of Venezuela's several hundred creditor banks worldwide.

(Reuters, NYT)

SCENE: Bankers, Weary of Caprice on Debt, Close Ranks Against Brazil

(Continued from first finance page)

an economic policy as inconsistent as it is today, Brazil will still have a debt problem," a leading West German banker complained.

"It's brinkmanship and the banks are going to play hardball," said a New York banker. "My guess is that the banks will take a hit on earnings rather than try to negotiate a solution."

The "hit" will be hardest for U.S. banks because they report earnings quarterly instead of annually or semi-annually like other national banks.

"Even if Brazil presented a plausible package, the moratorium is for domestic political consumption, without an agreement with the International Monetary Fund, I

have made it more difficult for U.S. banks to privately write off any of the debt as many other national groups have.

The U.S. banks, with four years of high earnings and large provisions for bad loans, are better able to take such a drubbing today than they were when the crisis first erupted. Nevertheless, investors are worried and share prices of the U.S. banks have dropped sharply since the confrontation with Brazil began.

"Even if Brazil presented a plausible package, the moratorium is for domestic political consumption, without an agreement with the International Monetary Fund, I

would expect the banks would be reluctant to provide any new money," said William Cline, an economist at the Washington-based Institute for International Economics and a specialist on the debt question.

The attitude now, he said, is one of wait and see: "whether the populist impulse of politics within Brazil drives the situation into a more confrontational posture" or "economic self-interest prevails."

"I would bet on the latter course," Mr. Cline said. "I think to some extent, the moratorium is for domestic political consumption, without an agreement with the International Monetary Fund, I

popular measures, on wages for example, that may be taken."

The option is for Brazil to go its own way, with the economy spinning out of control until the government is driven back to economic orthodoxy, voluntarily or through a political upheaval.

The great danger to this approach is that it will work so long as Brazil is isolated in its confrontation with the banks and with the International Monetary Fund.

Joint action by a debtors' cartel, which would threaten the survival of the lending banks, remains the nightmare of lenders as well as their governments.

PATOU: Sues Over Defection

(Continued from first finance page)

that he had never signed a contract with Patou.

"I was just a salaried man," he said. Sources said that Mr. Lacroix was earning just 35,000 francs a month before he left Patou, a paltry amount when compared with the income of world-class designers with their own fashion houses.

Mr. Lacroix also said that Patou had refused to let him start a ready-to-wear line, which he now plans to do with Agache's backing.

A spokesman for Patou and Mr. de Moty refused to comment on the case. But a source close to the Patou executive said that Mr. de Moty filed suit in part because he felt that "it wasn't very gentlemanly" for Mr. Lacroix to walk out without telling him in advance.

Mr. Lacroix said that when he informed Mr. de Moty that he was leaving, "He said at first, it's a good thing, you have to have your own line."

"But when he found out it was effective immediately, he was a little shocked. He felt it was too

quick, and he asked me not to tell the press for three months. But I said that was impossible."

Rumors also have been circulating in the fashion industry that Mr. de Moty had hoped to sell Patou, and that Mr. Lacroix's departure robbed the house of much of its value.

Most houses lose money on their haute couture operations, but recoup the losses by licensing their names or by selling a house perfume.

One source in the industry estimated Patou's fashion losses at "2 million to 3 million francs a year," but he said he did not know if the company as a whole was profitable.

Jacques Mouchier, president of the Paris haute couture trade association, played down the rumors, saying he had heard that Mr. de Moty did not want to sell the house.

Mr. Lacroix, meanwhile, faces the task of hiring about 40 people to help him launch his first house couture line in July. His first ready-to-wear collection is due in March 1988.

Euro-Commercial Paper

15-45 days				46-75 days				76-105 days				106-135 days				136-165 days				166-183 days			
Issuer	Rate	Yield	Bid	Issuer	Rate	Yield	Bid	Issuer	Rate	Yield	Bid	Issuer	Rate	Yield	Bid	Issuer	Rate	Yield	Bid	Issuer	Rate	Yield	Bid
Amst	10.00	10.00	10.00	Amst	10.00	10.00	10.00	Amst	10.00	10.00	10.00	Amst	10.00	10.00	10.00	Amst	10.00	10.00	10.00	Amst	10.00	10.00	10.00
Brussels	10.00	10.00	10.00	Brussels	10.00	10.00	10.00	Brussels	10.00	10.00	10.00	Brussels	10.00	10.00	10.00	Brussels	10.00	10.00	10.00	Brussels	10.00	10.00	10.00
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London	10.00	10.00	10.00	London	10.00	10.00	10.00	London	10.00	10.00	10.00	London	10.00	10.00	10.00	London	10.00	10.00	10.00	London	10.00	10.00	10.00
Paris	10.00	10.00	10.00	Paris	10.00	10.00	10.00	Paris	10.00	10.00	10.00	Paris	10.00	10.00	10.00	Paris	10.00	10.00	10.00	Paris	10.00	10.00	10.00
Stockholm	10.00	10.00	10.00	Stockholm	10.00	10.00	10.00	Stockholm	10.00	10.00	10.00	Stockholm	10.00	10.00	10.00	Stockholm	10.00	10.00	10.00	Stockholm	10.00	10.00	10.00
Vienna	10.00	10.00	10.00	Vienna	10.00	10.00	10.00	Vienna	10.00	10.00	10.00	Vienna	10.00	10.00	10.00	Vienna	10.00	10.00	10.00	Vienna	10.00	10.00	10.00

THE EUROMARKETS

Bank FRNs Recover Some of Earlier Losses

LONDON — After a tumultuous week of trading, traditional floating-rate notes from U.S. and Canadian banks closed Friday, partially recouping earlier losses of more than one point.

Brazil's announcement at the end of the previous week that it was suspending interest payments on its debt to foreign banks had "caught the market badly on the hop," one dealer said.

But he said that many market participants thought the initial selling had been overdone. Some pro-

fessionals were buying on Friday to cover earlier sales of paper they had not yet owned, he noted. But, he added, today's gains could "signal the end of what was an unnecessary panic."

Early on Friday, prices of U.S. bank FRNs rose by as much as one point. They later edged off the top, to stand 1/4 point to 1/2 point firmer, although lower on the week.

Canadian bank issues also finished the day firmer, although gains were generally limited to 20 to 40 basis points. Dealers said the market in per-

petual FRNs still remains effectively closed, with most houses prepared to make markets only on a negotiated basis.

The primary market was relatively quiet, although two more yen deals emerged, taking the week's total to more than 180 billion yen. Despite this rush, dealers said the market remained buoyant.

Nippon Kokan KK, the Japanese steel company, issued a 30 billion yen bond paying 5 percent over five years and priced at 101 1/4, through Nomura International Ltd.

Friday's OTC Prices

NASDAQ prices as of 4 P.M. New York time. Via The Associated Press

12 Month High Low 4 P.M. CYS

12 Month High Low 4 P.M. CYS

12 Month High Low 4 P.M. CYS

12 Month High Low 4 P.M. CYS

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